

PART 2

OVERVIEW

WASHINGTON STATE FERRIES

FOOD, BEVERAGE AND RETAIL CONCESSION CONTRACTS

REQUEST FOR PROPOSALS

OVERVIEW

1. INTRODUCTION

Washington State Ferries, a division of the Washington State Department of Transportation (hereinafter called "WSF"), issues this Request For Proposals (RFP) for the following described concession services ("Segments"):

Concession Contracts to manage and/or operate:

<u>Segment</u>	<u>Scope</u>
1.	Food, beverage and retail services on-board WSF vessels (On-board Food, Beverage and Retail).
2.	Food and beverage services at WSF terminals and adjacent holding areas (On-shore Food & Beverage).
3.	News, books and convenience stores at WSF terminals (NBC Store).
4.	Fast food locations at WSF terminals (Fast Food).
5.	Cold beverage vending machines on-board WSF vessels and at WSF terminals (Cold Beverage Vending).
6.	Hot beverage and snack vending machines on-board WSF vessels and at WSF terminals (Hot Beverage & Snack Vending).
7.	Game vending machines on-board WSF vessels and at WSF terminals (Game Vending).

A summary of the concession fees for each Segment is provided at the end of this Overview.

1
2 It is important that all proposers understand that the RFP and resultant Contracts
3 represents WSF's minimum requirements and service format. The Concessionaire
4 must adhere to the major goals, and any methodology or process for achieving these
5 goals established in the RFP and the Contracts. However, it is equally important all
6 proposers understand that the creative ideas expressed by proposers are highly valued
7 and will be assessed throughout the proposal evaluation process. RFP adjustments
8 that may be necessary as a result of innovative ideas and concepts that go beyond the
9 minimum requirements of the RFP may be included as addendums to the RFP to all
10 proposers and will help define the final strategic and business direction of Food,
11 Beverage & Retail Concessions at WSF for the next decade.
12

13 While WSF is planning a guided tour of some vessels and terminal concession
14 operations, WSF encourages proposers to visit all of the vessels and terminals on their
15 own time and at their own expense. However, please do not attempt to access non-
16 public areas, disrupt operations, or keep food service workers from performing their
17 duties. Because of heightened security, WSF asks that you contact Sodexo
18 Manager, Ali Kazemini at 206.682.5990, extension #13 prior to visiting a WSF
19 vessel. WSF also asks that you contact WSF Business Development Manager, Brian
20 Volkert, at 206.515.3631 before visiting a terminal. These managers will take steps
21 to alert their co-workers as to your presence and in turn make your visit less intrusive
22 and probably more productive.
23

24 Proposers may submit a proposal for any or all of the service segments. WSF will
25 evaluate the proposals in accordance with the evaluation process described in this
26 RFP. At the conclusion of the evaluation and selection process, WSF may enter into:
27 (i) a Concession Contract with a single proposer for all service segments; or (ii)
28 multiple Concession Contracts for individual or combined service segments, as
29 determined to be most advantageous for WSF customers and WSF in accordance with
30 the RFP evaluation and selection process described herein.
31

32 All Concession Contracts will be for a term of approximately ten (10) years and are to
33 commence on January 1, 2004 and terminate on January 3, 2014. The Colman Dock -
34 Pier 52 Seattle facility will be renovated in 2004 and new terminals are expected to be
35 built in Seattle, Anacortes, Keystone, Mukilteo and possibly Edmonds during the next
36 ten (10) years. WSF will use reasonable efforts to keep concession facilities
37 operational during the construction and will, at its sole discretion, provide a
38 comparable location in the new terminal. A credit will be provided the
39 Concessionaire for un-depreciated initial agreed capital improvements depreciated on
40 a straight-line basis over the term of the contract if a Concession Contract is
41 terminated early as a result of construction.
42

1 The Proposal Evaluation Factors to determine the most advantageous proposal are as
2 follows:

- 3 1. Background & Qualifications;
- 4 2. Concept Development;
- 5 3. Concession Fees and Business Analysis; and
- 6 4. Operations

7
8 The RFP Proposal Evaluation process is a two-step process that is both written and
9 oral. The Proposal Evaluation shall include: (i) an initial written evaluation to
10 identify those proposals which will be chosen as finalists; (ii) site visits of
11 comparable operations, as applicable and possible within the short timeframe for
12 proposal evaluation, (iii) oral presentations to WSF; and (iv) a second, final
13 evaluation to identify the most advantageous Proposal for each concession service
14 Segment. The Proposal Evaluation process is detailed in the RFP Proposal
15 Evaluation document.

16 17 18 **2. BACKGROUND – WASHINGTON STATE FERRIES**

19
WSF operates the largest ferry system in the world based on vehicles transported each
year, and the third largest in the world based on our 24,000,000 passengers. The
WSF fleet includes twenty-four (24) auto / passenger ferries and five (5) passenger-
only ferries. The fleet serves twenty (20) terminals in Washington and Sidney, B.C.
During the term of the Contracts, WSF intends to build four (4) new auto / passenger
ferries to replace existing vessels and upgrade the fleet. However, future passenger-
only ferry service will be limited or completely eliminated.

WSF is also one of the largest tourist attractions in Washington and an icon with
which Washington State is identified. WSF customer categories are almost evenly
balanced with 45% being commuter or frequent travelers and 55% being tourists or
occasional passengers traveling to some of the most appealing destinations the world
has to offer.

The WSF workplace is characterized by geographic diversity and significant union
representation. WSF has fourteen (14) union bargaining units, as well as Washington
management service, merit and exempt employees. Employment fluctuates
seasonally, but averages about 1,700 dedicated employees.

New leadership at WSF has identified a new approach to providing customer services
and concession management as one of its key strategic goals. With this RFP, WSF is
seeking to broaden the level of customer services and increase revenues through a
more flexible, business-oriented environment for its Concessionaires. Innovative
features of the new program will allow: flexible hours of service, ability to sub-
contract business opportunities to local businesses, waiver of minimum annual
concession fee guarantees during the first two years for new concession segments,
and expansion opportunities throughout the WSF system.

3. PRIOR CONCESSION CONTRACTS

A. Food Service Concession Contract

Marriott Management Services has been WSF's food service Concessionaire since November 1991. Sodexho USA, Inc. acquired a portion of Marriott Management Services Corporation in 1998 and purchased the remaining portion in 2001. The current Concession Contract commenced on March 1, 1997 and expires on October 18, 2003. WSF and Sodexho are currently negotiating a contract extension through December 31, 2003. Under the Contract, Sodexho pays WSF a Concession Fee equal to 10.5% of net sales (gross sales less sales tax) for all service categories. Detailed, multi-year sales and Concession Fee data is provided in Volume III, Exhibits of this RFP.

Sodexho's Contract includes the following concessions:

1. Food and beverage services on-board auto/passenger ferries
2. Vending service on board auto/passenger ferries and at terminals
3. Coffee and snack bars at two (2) terminals
4. Gift shops at two (2) terminals

See concession space and revenue details in RFP Volume III, Exhibits.

B. Colman Dock Restaurant Lease

McDonald's Corporation currently operates a restaurant in the fast food location on the car deck at the Colman Dock - Pier 52 Ferry Terminal on the Seattle waterfront. The contract is on a month-to-month basis pending the scheduled redevelopment of Colman Dock. The space is being offered for a fast food concession, one service segment under this RFP. McDonald's monthly rent payable to WSF under the existing Contract is a minimum of \$5,000 or 8.2% of gross sales, whichever is greater. Detailed, multi-year sales and rent data is provided in RFP Volume III, Exhibits.

4. GOALS

Washington State Ferries ("WSF") intends to expand the selection and improve the quality of the food and services on WSF vessels and in WSF terminals. This RFP seeks to form a contractual relationship with a qualified company or companies, which over the term of the Contract will make improvements in the existing facilities, as well as develop new service opportunities that will enhance customer service levels and WSF revenues. The selected proposer will meet the following goals:

1. Provide a broad and varied selection of goods and services delivering quality, comfort, convenience and value to WSF customers.
2. Achieve a mix of successful local and national brands representative of the Northwest, Puget Sound and our way of life.
3. Directly, and/or through sub-contracting, involve local businesses in providing goods and services to our customers in WSF vehicle holding areas, terminals and on-board vessels.
4. Provide a positive and supportive workplace environment that recognizes and demonstrates the value of the Concessionaire's employees in providing exceptional service to WSF customers, and is compatible with WSF's workplace environment.
5. Maximize revenue to WSF and the Concessionaire.

5. CONCESSION FEE SUMMARY

Segment 1 -- On-board Food, Beverage & Retail

The minimum monthly Concession Fee for On-board Food, Beverage & Retail, for all sales categories, shall be the greater of eleven percent (11%) of gross sales, excluding sales tax, or \$72,000 for the months of October -- April and \$110,000 for the months of May -- September. Effective at the beginning of year three of the Contract Term, the minimum monthly Concession Fee shall be the greater of eleven percent (11%) of gross sales, excluding sales tax, or eighty percent (80%) of the average monthly Concession Fees for the same periods of the two (2) previous years. Proposers may offer a higher percentage of gross sales, to be considered during the proposal evaluation process.

Segment 2 -- On-shore Food & Beverage

The minimum monthly Concession Fee for On-shore Food & Beverage shall be nine percent (9%) of gross sales, excluding sales tax. Effective at the beginning of year three of the Contract Term, the minimum monthly Concession Fee shall be the greater of nine percent (9%) of gross sales, excluding sales tax, or eighty percent (80%) of the average monthly Concession Fees of the two (2) previous years. Proposers may offer a higher percentage of gross sales, to be considered during the proposal evaluation process.

Segment 3 -- News, Books and Convenience Stores

The minimum monthly Concession Fee for the NBC Stores shall be nine percent (9%) of gross sales, excluding sales tax. Effective at the beginning of year three of the Contract Term, the minimum monthly Concession Fee shall be the greater of nine percent (9%) of gross sales, excluding sales tax, or eighty percent (80%) of the average monthly Concession Fees of the two (2) previous years. Proposers may offer

1 a higher percentage of gross sales, to be considered during the proposal evaluation
2 process.
3

4 **Segment 4 – Fast Food**

5 The minimum monthly Concession Fee for Fast Food shall be the greater of nine
6 percent (9%) of gross sales, excluding sales tax, or \$8,000. Effective at the beginning
7 of year three of the Contract Term, the minimum monthly Concession Fee shall be
8 the greater of nine percent (9%) of gross sales, excluding sales tax, or eighty percent
9 (80%) of the average monthly Concession Fees of the two (2) previous years.
10 Proposers may offer a higher percentage of gross sales, to be considered during the
11 proposal evaluation process.
12

13 **Segment 5 – Cold Beverage Vending**

14 The minimum monthly Concession Fee for Cold Beverage Vending shall be the
15 greater of fifty percent (50%) of gross sales, excluding sales tax, or \$30,000.
16 Effective at the beginning of year three of the Contract Term, the minimum monthly
17 Concession Fee shall be the greater of fifty percent (50%) of gross sales, excluding
18 sales tax, or eighty percent (80%) of the average monthly Concession Fees of the two
19 (2) previous years. Proposers may offer a higher percentage of gross sales, to be
20 considered during the proposal evaluation process.
21

22 **Segment 6 – Hot Beverage & Snack Vending**

23 The minimum monthly Concession Fee for Hot Beverage and Snack Vending shall be
24 the greater of thirty percent (30%) of gross sales, excluding sales tax, or \$5,000.
25 Effective at the beginning of year three of the Contract Term, the minimum monthly
26 Concession Fee shall be the greater of thirty percent (30%) of gross sales, excluding
27 sales tax, or eighty percent (80%) of the average monthly Concession Fees of the two
28 (2) previous years. Proposers may offer a higher percentage of gross sales, to be
29 considered during the proposal evaluation process.
30

31 **Segment 7 – Game Vending**

32 The minimum monthly Concession Fee for Game Vending shall be the greater of fifty
33 percent (50%) of gross sales, excluding sales tax, or \$8,000. Effective at the
34 beginning of year three of the Contract Term, the minimum monthly Concession Fee
35 shall be the greater of fifty percent (50%) of gross sales, excluding sales tax, or eighty
36 percent (80%) of the average monthly Concession Fees of the two (2) previous years.
37 Proposers may offer a higher percentage of gross sales, to be considered during the
38 proposal evaluation process.
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44 (END)